

Message Text

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ACTION EA-14

INFO OCT-01 ISO-00 EB-11 AGR-20 COME-00 TRSE-00 SCEM-02

INT-08 OMB-01 SCI-06 NEA-10 CIAE-00 DODE-00 PM-07

H-03 INR-10 L-03 NSAE-00 NSC-10 PA-04 RSC-01 PRS-01

SPC-03 SS-20 USIA-15 ACDA-19 IO-14 DRC-01 /184 W

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R 160952Z NOV 73

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 9233

INFO AMEMBASSY CANBERRA

AMEMBASSY SINGAPORE

AMEMBASSY TAIPEI

AMEMBASSY TOKYO

AMCONSUL HONG KONG

AMCONSUL MELBOURNE

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E O 11652: N/A

TAGS: ENRG, RP

SUBJ: LATEST DEVELOPMENTS IN FUEL CRISIS

REF: A) STATE 216846; B) MANILA 12700

1. PRESIDENT MARCOS HAS EXPRESSED DISSATISFACTION WITH OIL COMPANIES' REDUCTION OF PETROLEUM SUPPLIES TO INDUSTRY AND AGRICULTURE WITHOUT AUTHORIZATION BY GOP. CONCERN APPARENTLY DUE TO NUMBER OF COMPLAINTS FROM INDUSTRIAL USERS THAT OIL COMPANY-IMPOSED CUTBACKS WOULD CURTAIL PRODUCTION AND WOULD IN SOME CASES LEAD TO LAYOFFS AND/OR CLOSINGS OF FIRMS. PRESIDENT ORDERED OIL INDUSTRY COMMISSION TO ENSURE THAT OIL COMPANIES SUPPLIED AGRICULTURE AND INDUSTRY WITH ENOUGH PETROLEUM PRODUCTS NOT ONLY TO MAINTAIN PREVIOUS PRODUCTION BUT ALSO TO PROVIDE FOR PLANNED EXPANSION.

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AT SAME TIME INFO SEC TATAD STATED THAT PRESIDENT WAS

DISAPPOINTED IN PUBLIC RESPONSE TO CONSERVATION MEASURES ORDERED BY GOP AND HAD DIRECTED THAT PENALTIES BE IMPOSED FOR VIOLATION OF CONSERVATION MEASURES.

2. AT PRIVATELY SPONSORED ENERGY SEMINAR, OFFICIAL OF FILOIL (68 PERCENT GOP OWNED) SUGGESTED THAT GOP WOULD CONSIDER TAKEOVER OF AMERICAN CONTROLLED REFINERIES IF AMERICAN OIL COMPANIES COULD NOT SUPPLY SUFFICIENT CRUDE. FILOIL OFFICIAL SAID THAT CREATION OF NATIONAL OIL COMPANY (REF B) GAVE GOP OPTION OF USING THESE REFINERIES FOR ARAB CRUDE THAT MIGHT BE OFFERED TO PHILIPPINES ON PROMIS THAT NONE TO BE USED BY AMERICANS. ACCORDING TO AP STORY, EXEC SECY MELCHOR WHO PRESENT AT SEMINAR REFUSED COMMENT ON PROPOSAL BUT STATED PNOC DECREE "CERTAINLY GIVES US LOT OF FLEXIBILITY".

3. MELCHOR ALSO OUTLINED GOP PLAN TO FORCE PUBLIC TO USE LESS ELECTRIC POWER BY IMPOSING LUXURY TAX ON EXCESS ELECTRIC USAGE. SURCHARGE OF 100 PERCENT WOULD APPLY TO QUANTITY OVER 90 PERCENT OF AVERAGE MONTHLY USAGE FOR JAN-OCT 1973. MELCHOR CLAIMED 10 PERCENT ELECTRIC USE CUTBACK WOULD EFFECT SAVINGS OF MILLION BBLS. OIL PER YEAR.

4. COMMENT: PUBLIC AND OIL COMPANIES THEMSELVES ARE CONFUSED BY NUMEROUS GOP PRONOUNCEMENTS, DELAYS IN IMPLEMENTING MEASURES AND FREQUENT COUNTERMANDING OF EARLIER ORDERS. FURTHERMORE, EXPRESSIONS OF OPTIMISM BY PRESIDENT MARCOS HIMSELF HAVE LED TO DIMINISHED SENSE OF URGENCY. FINALLY, GOP DELAY IN PERMITTING ADDITIONAL PRICE INCREASES HAS WITHHELD WHAT COULD BE MOST EFFECTIVE LEVER TO REDUCE GASOLINE CONSUMPTION--HIGH PRICES-- AND HAS ENCOURAGED OIL COMPANIES TO USE SUPPLY DEFICIENCIES AS JUSTIFICATION TO REDUCE DELIVERIES TO UNPROFITABLE MARKET.
PURNELL

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Message Attributes

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